

LNF & IHCIF Calculations Illustration **- PEQUOT in Nashville area -**

Given Data

- 932 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 95% = % Expenditures on purchased services, 5% = % expenditures in-house
- 117.9% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 95.9% = Nashville area cost index for health status above or below average

Cost Adjustment Calculations

- \$3,337 per person for purchased services = $95\% * 117.9\% * \$2,980$
- \$202 per person for in-house services = $5\% * 135.7\% * \$2,980$
- \$3,539 per person total = \$3,337 (purchase) + \$202 (in-house)
- **\$3,395 per person total** adjusted for health status = $\$3,539 * 95.9\%$
- **\$2,650 per person net cost** = $\$3,395 - \745 Other resources (M&M&PI)

Existing Expenditures (for 932 users excluding wrap-around and collections)

- \$1,068 per person = local IHS allowance (excludes \$ for wrap-around)
- \$154 per person = expenditures elsewhere in Nashville area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,276 per person for OU users** = $\$1,068 + \$154 + \$54$

LNF Calculation

- **37.6% Gross LNF** = $\$1,276$ (expenditures) / $\$3,395$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **48.2% Net LNF** = $\$1,276 / \$2,650$ net cost ($\$3,395 - \745 other)

IHCIF Allocation

- \$292,340 = \$ to raise LNF% from 48.2% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$10,197 Allocation** = $\$292,340$ needed for 60% * 3.488% IHCIF fraction

PEQUOT Unmet Needs

- **\$2,469,943 Net Total Need** = 932 users * $\$2,650$ net cost
- **\$1,280,317 Net Unmet Need** = $(100\% - 48.2\% \text{ LNF}) * 932$ users * $\$2,650$ net cost